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A sample of Michigan cities is the basis for an evaluation of the economic benefits of collective bargaining to teachers and the economic impact of bargaining upon the school districts that employ and negotiate with them. The study's conclusions include: (1) Bargaining produced pay increases averaging 10 to 20 percent higher than teachers would otherwise have received. (2) the average annual increase in salaries for inexperienced teachers was three times as large after bargaining as it was before. (3) collective bargaining tended to make salary rates uniform among the school districts studied. (4) teachers have not yet received significant concessions in the bargaining issue of class size. (5) increases in teacher salaries resulting from bargaining have substantially increased the size of operating budgets per pupil, but not at the expense of other budget elements, and (6) bargaining-induced increases in teacher compensation were paid for largely by minor economies and from new revenues. (TT)

THE ECONOMIC RESULTS OF TEACHER BARGAINING: MICHIGAN'S FIRST TWO YEARS

Charles M. Rehmus
and Evan Wilner

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Institute of Labor and Industrial Relations
The University of Michigan — Wayne State University
Ann Arbor Detroit

May 1968

PREFACE

The rapidly growing body of literature on teacher bargaining tends to be largely descriptive and judgmental in nature. But descriptions of the methods by which a process works or fails to work are no substitute for evaluation of its results, and judgments unsubstantiated by data are hardly more than ephemera. This modest study is a first attempt to evaluate, in concrete terms, the economic benefit of bargaining to teachers and the economic impact of bargaining upon the school districts that employ and negotiate with them.

We are grateful for the time given us by school administrators and leaders of teacher organizations in order that we might better understand the complexities of the salary-making and budgetary process in public education. We are particularly grateful to administrators of the districts we studied in detail for allowing us to identify them and publish sometimes confidential information regarding their fiscal situation. Finally, we wish to acknowledge the financial support of the Institute of Labor and Industrial Relations, The University of Michigan – Wayne State University, which supported our investigations and published the result.

Charles M. Rehmus
Evan Wilner

Ann Arbor
May 9, 1968

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INTRODUCTION

When a school board accepts the obligation to bargain in good faith with its teacher employees, it is almost inevitable that changes in employment conditions will occur. Where the teachers are militant and threaten to impose sanctions, solicit mass resignations or strike over bargaining impasses, the changes are likely to be substantial. As yet, however, little specific information is available on the actual economic results of teacher bargaining.

To what extent has bargaining forced changes in the allocation of educational resources? How much more have school boards been forced to "give" than they would have without teacher unionism? Has bargaining forced a disproportionate share of available school funds to be spent on teacher compensation? If bargaining has increased teacher compensation levels, what have been the sources of the increased funds?

It is to these and related questions that this study is directed. It is based on a sample of Michigan cities selected, in part, because they have all participated in what has been called "The Michigan Teachers' Revolution."

THE MICHIGAN PUBLIC EMPLOYMENT RELATIONS ACT

On July 23, 1965, Governor George Romney signed into law Act 379 of the Michigan Public Acts of 1965 which constituted a basic revision of an earlier Public Employment Relations Act of 1947. The new Act applies to all public employees, including those "in the public school service." For the first time, the Act declares it lawful for public employees to organize in labor organizations and to bargain collectively with public employers over "wages, hours, and other terms and conditions of employment."

In broad outline, the provisions of the Michigan statute resemble the National Labor Relations Act. Employees are given the right to select an exclusive bargaining agent by means of a majority vote in an appropriate bargaining unit; employers have an obligation to bargain in good faith with the certified bargaining representative, and unfair labor practice charges may be filed with the Michigan Labor Mediation Board by the bargaining agent. (As was the case with the original Wagner Act, no union unfair labor practices were specified in the legislation.)

The legislation continues the prohibition against strikes by public employees that had been a part of earlier legislation. It does modify earlier prohibitive legislation to eliminate automatic discharge for strikers, substituting employer discretion in imposing penalties up to and including discharge. An employee so disciplined or discharged may secure review of the employer's decision through the courts.

In addition, the legislation leaves untouched an existing fact-finding procedure for public employees. Such procedure may be invoked only after mediation has failed to resolve matters in disagreement. The law authorizes the Mediation Board or specially-appointed agents to conduct

hearings and to issue non-binding findings and recommendations which may be publicized.

As will be discussed later, the mediation and fact-finding procedures of the new Act have been only partially successful. However, in the area of jurisdiction and representation rights, the Act has been effective. Affiliates of existing local education associations and the teachers' union have frequently competed for representation rights, as in other states, and often both have petitioned for representation rights in the same city. The legislation has afforded a successful method for reconciling the competition among teacher organizations for sole collective bargaining rights, and the state-conducted election procedure has proven largely satisfactory in eliminating this source of conflict.

TEACHER ORGANIZATION

Michigan teachers were the first major group of public employees in the state to take substantial advantage of the opportunities offered by the new statute. There are 590 school districts in Michigan. Two years after the statute was enacted more than three-quarters of these districts had granted voluntary recognition to a teacher organization or had granted recognition following a representation election. The large majority of the recognitions went to affiliates of the Michigan Education Association (MEA). Fifteen districts, including the City of Detroit and some of its larger suburbs, were won by affiliates of the Michigan Federation of Teachers (MFT).

In the summer of 1965, following enactment of the statute, little or no bargaining took place since teachers were on vacation and organizations were not ready to move. During the 1965-66 school year, bargaining was

impeded by several factors. Chief among these were questions regarding the composition of bargaining units and the need to hold representation elections in contested districts.

By the summer of 1966, even where recognition rights were granted, bargaining often proved difficult. This was due to lack of experience on both sides, reluctance on the part of school boards to yield any concessions in areas considered to be traditional management rights, and the demand by many teacher associations that all existing inequities be corrected in the first contract. A more important difficulty was the claimed financial inability of school districts to meet economic demands.

Despite the continuing prohibition of strikes in the statute, nine school districts were struck during 1966.[1] These strikes lasted from one to nine days. The second summer of bargaining, in 1967, was far more difficult, and has been characterized as "the year the teachers went to war."

In most Michigan school districts, classes were scheduled to resume following Labor Day, on either the 5th or 6th of September, 1967. More than 400 districts had agreed on their contracts after a hard summer of bargaining, which in some cases reached the crisis point over the Labor Day

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[1]The word "strike" is used for convenience. Still unresolved is the question of whether teachers who have not signed their individual yearly contracts for service are striking in violation of the Michigan law when they do not report to open schools as scheduled in the fall. In its first ruling on the issue, the Michigan Supreme Court split four different ways. In *School District for the City of Holland v. Holland Education Association* (March 1967), two justices ruled that such teachers were not yet employees and, therefore, could not be enjoined to open the schools, while two others felt they could. Four justices agreed that availability of injunctive relief would depend on whether the board had been bargaining in good faith, and three added that it would depend on the whole record and the reasonableness of the school board's bargaining position. The injunction originally issued which had forced the Holland teachers to reopen school was vacated and remanded to the lower courts for further consideration in light of this "opinion."

weekend. But on the designated opening day many contracts were still unsettled, and 36 districts did not open as scheduled. In four districts, teachers opened schools under injunction, but without a contract. Union teachers in North Dearborn Heights resigned almost en masse rather than obey an injunction issued when they struck after the school board repudiated an agreement negotiated by school administrators. Detroit teachers kept the schools closed for two weeks after the scheduled opening. Two districts remained closed until September 27, three weeks into the school year. Eleven of these strikes were undertaken by MFT affiliates and the remaining 25 by teachers affiliated with the MEA.

THE DISTRICTS STUDIED

The ferment and controversy described above must have affected educational resource allocation in school districts throughout Michigan. This study is a first attempt to analyze these effects in a selected group of 12 school districts. A sample of twice this size was originally studied, but problems of comparability and availability of data and differing size and financial resources made the smaller group necessary if reasonably valid comparisons were to be made. Because of their size and other contrasting characteristics, the City of Detroit and all small, rural districts have been eliminated. In no case did data from the larger group studied contradict the general pattern found in the more intensive analysis of the smaller group which follows.

The 12 school districts studied in detail are dispersed throughout the lower peninsula of Michigan. Five of the systems are located in the Detroit metropolitan area: Dearborn, Garden City, Livonia, Taylor Township and Wayne. Livonia, with 34,000, has the largest school membership in this group, while Dearborn, Taylor and Wayne are in the

20,000 range, and Garden City has 14,000 pupils. Although they are relatively close geographically, these systems have a wide range of state equalized value per membership pupil. Dearborn, the headquarters of the Ford Motor Company, has more than $35,000 of taxable property behind each of its school children. Livonia has an SEV/pupil of approximately $14,500. Wayne's figure is $9,500, and Taylor at $7,500 is $1,000 higher than Garden City. Dearborn has the highest level of per pupil expenditure of any system in our study. It provides the funds by taxing its wealth at the rate of approximately 23 mills, while all the other systems in the group above have total K-12 tax rates of 30 to 37.5 mills.

Our next largest group is the Tri-City area around Saginaw Bay: Saginaw, Bay City and Midland. Their pupil memberships are 23,500, 16,000, and 12,000 respectively. Midland is among the wealthier school districts in the state with an SEV/pupil of over $23,000; Saginaw's figure is almost $17,000, while Bay City has more than $14,000 behind each pupil. Bay City and Saginaw have histories of voter resistance to school taxation, which is reflected in their tax rates of approximately 18 mills. Midland, on a much greater tax base, is taxing at the rate of 23.4 mills and spends over $100 per pupil more than either of its neighbors.

The industrialized city of Flint is located between these two metropolitan areas. Although it is only the second largest city in our study, it has the largest pupil membership, over 40,000. Its wealth is comparable to a number of other systems at better than $17,000, and its tax rate is 21.6 mills. This system has also benefitted over the years by financial contributions from the C. S. Mott Fund. Flint was one of two districts in our study that signed two-year bargaining agreements in 1966, thus temporarily reducing the level of its expenditures in the second year.

Lansing, the state capitol, is also the site of Michigan State University and a major General Motors division. It has over 32,000 pupils and better than $16,000 of SEV/pupil. Its tax rate is almost 28 mills, making possible

almost $760 per pupil expenditures, second only to Dearborn in our study group.

At the opposite extreme in per pupil expenditures is the second largest city in the state, Grand Rapids. It is the only system in our study which spends less than $500 per pupil. Grand Rapids' tax rate of 15.6 is the lowest in our study, and the history of low school taxation is coupled with a high proportion of non-public school attendance, resulting in a school membership of approximately 35,000.

Battle Creek is located in Southwestern Michigan. It has a pupil membership of almost 12,000, the smallest in our study. The tax rate of 21.9 on a tax base of over $17,000 per pupil yields expenditures of $620, comparable to a number of our other systems.

The combined enrollments of these districts represent 16 percent of the public school students in the state. As noted, the 12 districts range in relative affluence, and in size from 10,000 to 40,000 pupils. However, all spend approximately 70-80 percent of their total operating expenditures for the budget category "instruction." Ten are organized by affiliates of the MEA, two by the MFT. Four of the twelve districts – Bay City, Dearborn, Saginaw and Taylor – did not open schools as scheduled in September 1967, while the others settled earlier, although late in the summer. Bay City and Saginaw reopened the schools under court order and reached settlement of their 1967-68 contracts at a later date. Taylor and Dearborn remained closed until full agreement on a contract was reached, on September 12 and 25, 1967, respectively.

The data which follow are based upon materials collected and distributed by the Research Division of the Flint Public Schools and upon our own researches. In addition, interviews were conducted during the summer of 1967 with school administrators, local union officials in the districts studied, and officials of state-wide teacher organizations. Gaps in the data occur because particular districts do not always collect or report all relevant information each year.

IMPACT OF DISTRIBUTIVE BARGAINING–1966–67

One of the oldest of unsettled questions in the field of labor economics is the real impact of collective bargaining on employee compensation. The Michigan experience in the 1966-67 bargaining year provides an opportunity to evaluate the impact of distributive bargaining on teacher salaries. It provides an unusual opportunity to measure the difference between what school systems expected to allocate for professional compensation, largely untainted by bargaining considerations, and what they finally paid.

Traditionally, teacher compensation has been set by unilateral school board announcement. In some systems, this decision has been tempered by consultation with teacher representatives or receipt of recommendations from a teacher-administrator salary committee. In general, however, the amount of joint decision-making on salaries has been limited. In no case in our sample was group teacher 'acquiescence required before individual employment contracts were offered. School boards felt free to adjust teacher proposals downward to fit their own judgment of the appropriate distribution of available funds or the ability and willingness of the community to vote increased operating millage.

In the spring of 1966, most Michigan school administrators and school boards did not foresee any great difference in the situation. Lacking any experience in bargaining, and not anticipating the extent of teacher militancy, school administrators and boards made an opening offer to their teacher organization which, in almost every case, was identical to the offer they had intended to make to their teachers and which in previous years would have been made effective unilaterally. The difference between the system expectation of settlement and the final settlement is a rough but reasonably accurate measure of the total economic gain accruing to Michigan teachers as a result of their first year of collective bargaining.

Table 1, which follows, shows the amount the school boards expected to settle for, the initial teacher proposals, and the final settlement of the 1966-67 negotiation. In each case, where the figures could be obtained, the table shows the starting salary proposed and agreed-upon for a new teacher with a Bachelor of Arts degree and the total package cost of the proposals and settlement. The right hand column of Table 1 shows the percentage increase in total cost between each school system's expected settlement and the cost of the final bargained package.

As shown in the first two columns of Table 1, nine of the twelve districts surveyed made dollar estimates of their expected increased costs for teacher compensation for the 1966-67 school year prior to beginning their negotiations. Eight of the districts also had a firm figure in mind for new inexperienced teachers, the minimum salary on what is called the BA track. The total cost estimates made by the districts were for new increases only, and did not include costs of additional teachers or increments due automatically to experienced teachers.

Three districts made no total package cost estimates. One stated that its great dependence on state aid made it impossible to estimate possible increases without knowledge of the amount of increased state aid available to it. Another offered to meet the average of the amounts settled on in neighboring districts. A third stated that it made no estimates.

The nine systems that did put a figure on their expected increased costs made estimates ranging from $120,000 to $1,000,000. The variation, of course, depended upon the size of the district and the generosity of intended increases. The amounts they expected to raise the BA minimum ranged from $100 to $400, but six of the eight districts expected the BA minimum to go up $300. A $300 increase in the BA minimum in all districts would have averaged 5 percent. This would have been one percent higher than the average increase given voluntarily on the BA minimum in these same districts the previous year.

The second set of columns in Table 1 show the BA minimum proposed by the teacher organization and the

TABLE 1

1966-67 COLLECTIVE BARGAINING PROPOSALS AND RESULTS

	School Board Expectations Prior to Negotiations		Teacher Initial Proposals		Final Settlement		Increase Over Estimate (%)
	BA Minimum ($)	Total Package Cost ($)	BA Minimum ($)	Total Package Cost ($)	BA Minimum ($)	Total Package Cost ($)	
Battle Creek	5500	400,000	6000	1,028,940	5500	500,000	25
Bay City	5300	350,000	6500	1,000,000	5700	500,000	43
Dearborn	5700	no estimate	7500	no estimate	5950	no estimate	-
Flint	5600	1,000,000	6555	4,000,000	5725	1,178,000	18
Garden City	No estimate prior to state aid		72% of increased state aid		69% of increased state aid		-
Grand Rapids	5400	930,000	6500	3,850,000	5600	930,000	0
Lansing	5600	1,000,000	5600	6,000,000	5600	1,200,000	20
Livonia	Average of neighboring districts		5650	5,000,000	5600	800,000	-
Midland	5500	500,000	6500	no estimate	5700	800,000	60
Saginaw	No proposal	500,000	5698	1,500,000	5700	700,000	40
Taylor	5500	120,000	6000	1,200,000	5600	120,000 +75% of increased state aid	10
Wayne	No proposal	280,000	no specific proposal		5600	400,000	43

total package cost of their initial proposals, as costed out by school administrators in each district. Where the estimated costs of teacher proposals ranged up to three, four and even six million dollars, it was not because of salary proposals. These high cost estimates resulted from initial teacher proposals on the maximum class size. These proposals would have been extremely costly to grant because of the necessity of hiring many new teachers.

In Lansing, the initial board and teacher proposal on the BA minimum were identical because it had been agreed upon prior to negotiations in system-wide, teacher-administrator consultation and was adopted by the new bargaining representative. In Garden City, the teacher organization accepted the board's historic dependence on state aid, and proposed that 72 percent of increased state aid be used to increase compensation. In the Wayne school district, the negotiators for the teacher organization refused to make an initial proposal, and asked the district to make them an offer. (This latter tactic was fairly common throughout the state in the 1966-67 bargaining year, but has since declined as bargainers have gained in experience and sophistication.)

Columns five and six of Table 1, headed Final Settlement, show the ultimate bargaining agreements made in each district. Two districts reported their increased costs in terms of an agreement to devote a specific percentage of increased state aid to teacher compensation improvements, while one district did not report its total package cost. All districts but one reported that their bargained settlement exceeded the total cost of their expected settlement by amounts ranging from $100,000 to $300,000. In Grand Rapids, the one district where this did not occur, bargaining did not begin until late fall because of court suits delaying the holding of a contested representation election. By the time the bargaining representative was certified the district felt that its limited financial resources were all allocated and could not be changed. A mid-school year strike nevertheless occurred in Grand Rapids before the teachers accepted the board's original and final package offer.

All but two of the districts where figures were available reported that they had raised their initial proposal on the BA minimum. This is not a major cost item for most districts, but it does set a floor and is the base of an "indexed" salary schedule. Nevertheless, the BA minimum increased an average of 8 percent. This was 3 percentage points higher than the boards had expected, on the average, to increase this rate. Moreover, as will be analyzed subsequently, this is double the average percentage increase made for the BA minimum in these districts in any of the previous five years.

The right hand column of Table 1 shows the percentage increase in the total package final settlements over original expectations in those districts where it could be calculated. The median increase in this column is 20 percent. The average is 28 percent.

It is not suggested that these median and average figures can be accepted as a precise measure of the total increased amounts that collective bargaining generated for the teachers in these districts. In some districts, the original board estimate was made before there was specific knowledge of the amount that state aid might be increased. Where state aid ultimately exceeded estimates, it is possible that a share of the increase over estimates might have been given to teachers. More importantly, the figures do not account for changes in the teacher labor market, as districts modified their original expectations in light of what neighboring and competing districts did or had to do.

Despite these imprecisions, we believe it is clear that distributive salary bargaining paid substantial dividends, as much as 10 to 20 percent or more, for Michigan teachers in 1966-67.

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IMPACT OF BARGAINING ON SALARY LEVELS

A second way of analyzing the economic impact of salary bargaining for teachers is to examine the changes in salary levels for various steps in the salary schedule. These changes, when compared with the unilateral changes made by school boards in the five previous years, should give further indication of whether bargaining has significantly affected teacher compensation.

The five years preceding the first full bargaining year of 1966, 1961-65, included years of both affluence and poverty among the 12 districts studied. In 1961 and 1962, state aid levels remained much as they had been in previous years. In 1963, the state aid formula was improved, which generated increased operating funds for these districts. State aid levels also increased slightly in the two years that followed. In 1966 and 1967, state aid formulas remained relatively constant although levels increased slightly.

On balance, changes in salary levels in the districts studied had to be more closely related to bargaining, once it began, than to outside financial support. Changes in tax base and state equalized valuation occurred from time to time in all of these districts, but these changes normally average out over time. Thus, specific comparisons of changes in compensation for two key spots in a district's schedule – the salary for an inexperienced teacher with a Bachelor of Arts degree (the BA minimum) and the salary for a teacher with a Master of Arts at the top of the schedule in most districts (the MA maximum) – should further indicate bargaining influences.

BA Minimum. During the four-year period directly preceding the passage of Public Act 379, the largest annual increase in the minimum starting salary for a beginning teacher with a Bachelor's degree, among the 12 districts studied, was $325. Generally, the annual improvement in

this minimum digure ranged between $100 and $200. As Table 2 illustrates, the annual average increase in this figure for the 12 systems as a whole was approximately $100; in 1965-66 it reached $202.

In terms of the individual school districts, annual increases ranging from zero to 6 percent were put into effect at the minimum salary step, with the $325 increase the only 7 percent figure recorded. For the school systems as a whole, the annual increase in the BA minimum ranged between 2 and 4 percent over the four year period, 1961-62 through 1965-66.

In 1966-67, the first year in which salaries were directly affected by collective bargaining, the increases in this figure ranged from $200 to $700; the average increase for all

TABLE 2

BA Minimum Salary Levels

	1961-62	62-63	63-64	64-65	65-66	66-67	67-68
Battle Creek	$4600	$4800	$5000	$5100	$5200	$5500	$6000
Bay City	$4400	$4550	$4700	$4700	$5000	$5700	$6200
Dearborn	$5086	$5145	$5206	$5206	$5306	$5950	$6500
Flint	$4800	$4950	$5000	$5100	$5300	$5725	No new scale
Garden City	$4850	$5000	$5000	$5100	$5350	$5600	$6200
Grand Rapids	$4400	$4600	$4600	$4800	$5100	$5600	$6000
Lansing	$4725	$4725	$5000	$5150	$5300	$5600	$6100
Livonia	$4900	$4900	$5160	$5350	$5350	$5600	$6000
Midland	$4700	$4850	$4900	$4900	$5200	$5700	$6200
Saginaw	$4500	$4700	$4850	$5000	$5325	$5700	$6200
Taylor	$4900	$5200	$5200	$5200	$5400	$5600	$6300
Wayne	$4806	$4900	$5000	$5100	$5300	$5600	No new scale
Average $ Increase:	$138	$108	$91	$202	$395	$515	
Average % Increase:	3%	2%	2%	4%	8%	9%	

Note: Percentages are rounded off to nearest whole number. In the 1967-68 school year only those districts that negotiated new contracts are included in the average figure for that year.

12 systems was $395. On a percentage basis, these increases ranged from 4 to 14 percent. The average in 1966-67 was 8 percent – double that of the preceding year.

As was noted in the previous section, we believe the doubling of the percentage increase for the BA minimum salary in 1966-67 was a result of collective bargaining pressure. That this was not an isolated event was confirmed in the 1967-68 negotiations. Even though the base was steadily edging up, the 1967-68 increase was 9 percent. This increase was *triple* that of the average of the five non-bargaining years!

MA Maximum. Salary schedules at the opposite end of the training-experience scale, the maximum salary paid to a staff member with a Master's degree, demonstrate the

TABLE 3

MA Maximum Salary Levels

	1961-62	62-63	63-64	64-65	65-66	66-67	67-68
Battle Creek	$7610	$7900	$8200	$8500	$8800	$9650	$10720
Bay City	$7510	$7762	$8018	$8018	$8500	$9776	$10633
Dearborn	$8984	$9403	$9834	$9834	$10034	$11000	$11750
Flint	$7785	$8025	$8177	$8463	$9073	$9800	No new scale
Garden City	$7365	$7880	$7880	$8075	$9125	$10080	$11160
Grand Rapids	$7450	$7700	$7700	$8000	$8313	$9408	$10200
Lansing	$8030	$8030	$8500	$8755	$9010	$9969	$10980
Livonia	$8320	$8320	$8320	$8500	$9175	$9884	$11130
Midland	$7500	$7818	$8007	$8242	$8813	$9912	$10571
Saginaw	$7493	$7855	$8018	$8317	$9255	$9907	$10776
Taylor	$7850	$8100	$8100	$8500	$8975	$10100	$11300
Wayne	$7498	$7720	$8100	$8400	$8800	$9800	No new scale
Average $ Increase:	$277	$19[illegible]	$229	$522	$951	$952	
Average % Increase:	3%	2%	3%	6%	11%	10%	

same pattern of increases coinciding with the passage of Public Act 379 and the introduction of salary bargaining in Michigan's public schools.

As Table 3 illustrates, during the school years between 1962-3 and 1965-6, the average annual increase in the MA maximum was 2 or 3 percent a year, with the exception of 1965-6 when the gain was 6 percent. In dollar terms, average increases were $200-$300; 1965-6, the second year of increased state aid, produced an average increase of more than $500.

The two succeeding years of full bargaining have shown 11 and 10 percent annual salary gains at this level, and on a steadily increasing base. In dollar terms, the average increases for the two bargaining years have been $950. Again, this is *triple* the average increase for the earlier four-year period even when the large 1965 increase is included. (These MA maximum average increases do not include longevity increases. In some districts, these are given to teachers who have reached the maximum in their track, although their incidence and amount is by no means uniform among districts.)

It should be emphasized that the MA maximum figure is far more important in its financial impact upon school districts than the BA minimum. The mature teacher usually obtains a Master's degree and will accumulate the number of years of experience that is compensated for in the salary schedule. Most maximums are achievable in nine to twelve years. The experienced teacher is also more likely to participate actively in bargaining unit activities than the newcomer to the profession.[2]

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[2]This is not to imply that the more experience a teacher has the more likely he or she is to participate actively in bargaining unit affairs. Our experience and interviews do show, however, that it is not new teachers, but those who have been in a system for four or five years or more who are most likely to be active. In addition, men teachers are far more likely to be active than women.

A recent book by T. M. Stinnett, *Turmoil in Teaching*, New York: MacMillan, 1967, gives figures on the teacher population that are of interest in this connection. In the eight years between 1956 and

The result of these factors is that many teacher negotiating teams have tended to emphasize the top end of the salary schedule which in many systems benefits more teachers immediately (including most members of teacher bargaining teams) and all permanent teachers eventually. All school system negotiators interviewed confirmed that maximum bargaining pressure was exerted at the top end of each track. Of course, this was where most resistance was encountered because of the greater cost impact on the system.

It seems clear from the foregoing salary data that there is a noticeable correlation between the beginning of collective negotiation and an upward shift in the annual salary increases, characteristic of all the districts that we have studied. In gross terms, the annual improvement in the two years of collective bargaining has been double the percentage gains of the previous year, and triple that of the 1961-2 through 1965-6 period. Additionally, when the data are viewed in conjunction with interview responses, it is apparent that salary decisions were influenced by the selection pressure of teacher bargaining teams that placed high priority upon rewards for experienced teachers.

1964, the percentage of men teachers in public schools in the United States increased from 26 to 32. During the same period, the median age of all teachers decreased from 43 to 40, but the median age of women teachers increased to over 44. Public school teaching as a profession is becoming more of a permanent occupation, and increasingly conducted by men. These facts clearly have something to do with teacher militancy.

PRESSURES TOWARD UNIFORM COMPENSATION

One of the more noticeable effects of collective bargaining in the private sector has been to force uniformity among the wages or salaries paid by competing employers of unionized personnel. Union pressure to achieve "equal pay for equal work" is unremitting and does not take too great account of relative ability to pay. It is interesting, though not surprising, to find that teacher bargaining appears to have the same result.

Simple computations from the salary schedule in Tables 2 and 3 provide the data for Table 4. As the measure of salary uniformity, we selected an arbitrary test of whether a given district was within plus or minus 5 percent of the median for the whole sample. Median rather than average salaries were used in order to eliminate the distortion caused by one relatively wealthy district among the 12. Even if averages are used, the results are not significantly different.

It is apparent from Table 4 that salaries in these districts tended to move closer together during most of the entire period under study. Nevertheless, a significant advance was made in the first year of collective bargaining, particularly at the Master's degree level – moving from 75 percent to 92 percent of the districts meeting our arbitrary test of plus or minus 5 percent of the median of all districts. All the districts which negotiated new contracts met that standard in 1967-68, at both the Master's maximum and Bachelor's minimum levels. (As indicated, two districts did not renegotiate salaries in 1967-68 because they were working under the second year of a closed two-year agreement.)

Closer analysis of the difference in salary schedules prior to the 1966-67 school year shows that wide deviation from the median was usually caused by those districts paying exceptionally *low* starting salaries. It was less common for districts to be well below the median at the MA maximum.

TABLE 4

Percentage of Salary Schedules within Five Percent of Median Salary for Sample

BA Minimum	MA Maximum
1962-3: 67%	1962-3: 83%
1963-4: 83%	1963-4: 92%
1964-5: 83%	1964-5: 83%
1965-6: 92%	1965-6: 75%
1966-7: 92%	1966-7: 92%
1967-8: 100%*	1967-8: 100%*

*Based on the ten districts that negotiated new salary schedules for the 1967-8 school year.

But whatever the reason for variation from the median, the negotiated result was the same. Teacher bargaining teams appeared determined to establish largely uniform salary schedules across the state, naturally looking toward the higher prevailing schedules. To a significant degree, they appear to have been successful.

Bargaining on salary schedules has also extended to the length of tracks, i.e., the number of annual incremental steps necessary to reach the BA or MA maximum salary. Prior to bargaining, these varied among districts, ranging from nine to twelve steps. In negotiations, the teachers have generally proposed that the number of steps in each track be reduced. Only moderate success has been made in this direction. The reason is that a step reduction is quite costly to the district. Bargainers have generally favored using available salary funds to increase over-all compensation levels rather than shorten the time necessary to reach maximums.

Other economic areas involved in bargaining have included longevity payments, sabbatical and other leave privileges, and reimbursement for expenses incurred in seeking additional education and training. Some districts have made concessions in these areas, but we have not attempted systematically to compare or cost out these benefits. Similarly, teacher negotiators have proposed extending the range of available employee insurance benefits, with costs borne partly or wholly by the school district. They justify these proposals by comparing insurance benefits commonly available to industrial workers in the area and frequently obtain a sympathetic response from some school board members. Although we have attempted no careful evaluation of movements in insurance and related fringe benefits, it is evident that minor improvements are being made.

BARGAINING AND CLASS SIZE

An area of obvious interest to teachers is the number of pupils in their classes. In terms of both educational effectiveness and workload, smaller classes are preferred. Most teacher bargaining requests have included proposed limitations on class size. While school administrators and most school board members are sympathetic with the teacher preference for smaller classes, class size limitations have severe cost impact. A simple example makes the point. Reduction of average class size from 30 to a negotiated maximum of 25 students in a class would result in a 16-2/3 percent increase in teacher salary costs. Thus most districts, while admitting the legitimacy of teacher interest in this subject and the fact that it is a bargainable issue, have been loath to accede to the full range of teacher proposals on maximum class size.

In order to assess accurately the impact of bargaining on

class size, the ratio of change in classroom teacher per thousand pupils would be the most desirable measure. Unfortunately, these data are not available for most of the districts in our sample during the period studied.

A closely related set of figures is available, however – professional employees per thousand students. Professional employees of a district include superintendents and their professional assistants, principals and assistant principals, and a small number of specialized professional staff such as curriculum specialists and staff psychologists. Nonetheless, the vast bulk of professional employees are classroom teachers, and we believe the number of supervisory and related professional personnel would not be subject to wide year-to-year variations. Thus, the change in professionals per thousand students before and after bargaining should be a reasonably accurate indicator of the effect of bargaining on class size. Table 5 gives these data.

As is apparent from Table 5, the districts in our sample had been attempting generally to increase the number of professional employees per thousand pupils throughout the period 1962-6. As the median figures illustrate, this general trend slowed in the first year of bargaining and stopped completely in the second. In the second year, 1967-68, two districts showed no staff growth, and four districts reduced their pupil-professional ratio. This last year is the only one to show a broad distribution of negative indicators which, including zeros, totalled more than half the group. Only Lansing, with substantial increases in operating millage and in equalized valuation in the 1967-68 school year, was able significantly to reverse the general trend. More than three-quarters of the increase in the 1968 average is accounted for by Lansing alone.

We doubt that any administrators in our study felt that they had reached the ideal level of staffing, or had passed such a point and therefore should cut back. Certainly our field interviews do not make this interpretation plausible. Rather, many administrators reported that they were taking steps to control or reduce staff size because of financial pressures.

TABLE 5

Change in Ratio of Professional Employees
Per 1000 Students

	1962-63	63-64	64-65	65-66	66-67	67-68
Battle Creek	+2%	+1%	+1%	+7%	+2%	-4%
Bay City	-2%	+4%	-4%	+8%	+2%	0
Dearborn	+1%	+7%	—	—	+4%	-3%
Flint	+2%	+2%	+9%	+3%	+3%	+4%
Garden City	—	0	+4%	-1%	—	--
Grand Rapids	+2%	-4%	+3%	+2%	+2%	-2%
Lansing	+3%	+3%	+3%	+4%	+1%	+13%
Livonia	-2%	+3%	-1%	+1%	+1%	+6%
Midland	+3%	+5%	-7%	+8%	+3%	0
Saginaw	+3%	+4%	0	+8%	-1%	-4%
Taylor	—	+15%	—	—	—	+6%
Wayne	—	+2%	+1%	0	+1%	+2%
Median:	+2%	+3%	+1%	+3%	+2%	0
Average:	+1%	+3%	+1%	+4%	+2%	+1%

Table 5 might be taken as evidence of one type of response that administrators have made to the fact that costs of operation are rising faster than available resources. Alternatively, the results might be viewed as a temporary fluctuation in a series that has shown wide variations in the past.

In any event, it is apparent that teachers in these districts have not yet been able through bargaining to significantly reduce classroom size. Nor in all likelihood would their organizations claim that they have achieved a great deal in this area. In some negotiations, proposals on maximum class size have been dropped in return for an agreement that specific numbers of new teachers will be hired

to teach certain subjects or grades. Many contracts that do contain clauses on maximum class size tend simply to state existing practice. Other contracts provide an avenue of appeal for the teacher who feels overloaded, but even here relief is generally subject to availability of personnel in that school system. Such clauses, despite their weakness, nevertheless establish a principle. The issue is not likely to disappear.

IMPACT OF BARGAINING ON OPERATING BUDGETS

The increases in teachers' salaries reflected in Tables 1-3 make it clear that school district operating expenses have risen rapidly during the past two school years. The total amount of this increase in operating budgets, corrected for changes in pupil enrollment, is shown in Table 6.

Table 6 shows clearly that the two years of bargaining have resulted in a striking jump in operating budgets per pupil in the system. Prior to bargaining, the median and average increase in this figure was 5 percent annually. Since bargaining, the average annual increases have been two to three times what they were.

What has been the source of these funds? As was shown earlier in Table 5, at most only a small portion of the salary increases could have been paid for by staff reductions. But what of the possibility that salary increases were paid for by reductions in other elements in the operating budget, such as pupil transportation or administrative overhead? In other words, could the substantial increases in teacher salaries have been paid for by a disproportionate increase in the share of the operating budget going to instructional costs? Table 7 gives the percentage of operating budget, again corrected for changes in the number of

pupils, that was devoted to instructional costs before and after bargaining.

Casual inspection of Table 7 shows the remarkable consistency of the share of operating budgets going to instruction. Both before and after bargaining the median and

TABLE 6

Change in Operating Budget Per Pupil

	1962-63	63-64	64-65	65-66	66-67	67-68
Battle Creek	+8%	+2%	+2%	+7%	+16%	+11%
Bay City	-2%	+5%	-3%	+25%	+16%	+9%
Dearborn	+3%	+4%	—	—	+15%	+11%
Flint	+4%	+5%	+12%	+13%	+22%	+8%
Garden City	—	-2%	+15%	+8%	+16%	+9%
Grand Rapids	+5%	-3%	+12%	+3%	+5%	+3%
Lansing	+1%	+11%	+6%	+7%	+16%	+20%
Livonia	-1%	+4%	+4%	+8%	+8%	+14%
Midland	+4%	+4%	0	+7%	+23%	+10%
Saginaw	+3%	+7%	+5%	+13%	+5%	+5%
Taylor	—	+8%	—	—	—	+17%
Wayne	—	+5%	+5%	+5%	+8%	+12%
Median:	+3%	+4%	+5%	+7%	+16%	+10%
Average:	+3%	+4%	+6%	+9%	+14%	+11%

average figures of all districts have shown only 1 percent variations from 75 percent. This stability disproves any assertion that teachers are aggrandizing themselves at the expense of other elements of school operating costs.

It is true that instructional costs do include areas of expenditure other than teachers' salaries – chiefly, textbooks and teaching supplies. It was alleged by teacher

TABLE 7

Percentage of Total Operating Expenditures Per Pupil Devoted to Instruction

	1962-63	63-64	64-65	65-66	66-67	67-68
Battle Creek	72%	73%	74%	73%	74%	74%
Bay City	79	77	76	79	80	74
Dearborn	75	75	—	74	71	71
Flint	73	74	73	74	70	69
Garden City	76	80	75	75	72	76
Grand Rapids	70	74	71	74	74	77
Lansing	75	76	76	76	74	69
Livonia	76	77	77	76	76	76
Midland	76	75	74	74	74	75
Saginaw	79	80	80	80	80	81
Taylor	75	76	—	—	75	75
Wayne	75	75	76	76	75	75
Median:	75	75	75	75	74	75
Average:	75	76	75	76	75	74

representatives in some districts in our sample that there had been cutbacks in teaching supplies which they viewed as an attempt to "punish" teachers by making them pay indirectly for the cost of their salary increases. Regardless of the motive, our interviews do show a few districts where a part of increased costs was absorbed by a slowdown in textbook replacement or a reduction in available teaching supplies. But savings through this source can at most have been very small. Teacher salaries make up the overwhelming bulk of instructional costs, and instructional costs as a share of operating budget have remained stable. Teacher salary increases have not been paid for by operating budget redistribution.

SOURCES OF OPERATING BUDGET INCREASES

Tables 6 and 7 have indicated that increases in teacher compensation levels have not come from any important redistribution of operating budgets. The increases must therefore have come either from new monies made available to the districts or from program savings, liquidation of capital surpluses, or deficits. In fact, all four of these sources have been used. Table 8 summarizes the sources of increased operating funds used by the 12 districts in 1966-67, and by the ten that renegotiated their contracts in 1967-68.

As the table shows, most districts in the 1966-67 school year were able to find funds to pay their increased costs from what might be termed "beneficial" sources. New voted millage, increases in state aid that resulted from

TABLE 8

System Sources of Funds

Number of Districts*			Percentage of Districts	
1966-67	1967-68		1966-67	1967-68
5	2	New Voted Millage	42%	20%
3	1	Increased State Aid	25%	10%
2	3	Levy of Authorized Mills	17%	30%
1	2	Growth of Local Valuation	8%	20%
2	0	General Economies	17%	0
0	2	Surplus Liquidation	0	20%
0	1	Transfer of Millage from Building and Site	0	10%
0	2	Program Cutbacks	0	20%
0	3	Deficits	0	30%

*All sources used by each district are listed and the total, therefore, exceeds the number of districts.

changes in aid levels, and growth in the districts' assessed valuation are all desirable from a school district's point of view.

The levy of previously authorized millage also might appeal beneficial, but, in fact, is a two-edged sword. Many districts commonly request the voters to approve a substantial number of operating mills, promising them, without legal effect, that the full amount of the authorization will not be levied for a certain number of years. In fact, those districts that did pay their increased costs by assessing authorized millage often moved ahead of the promised timetable for doing so, thus making themselves liable to the allegation that they broke faith with the voters. Such a charge has obvious implications for future millage elections.

General economies, the last major resource commonly used to pay the 1966-67 bills, also appears to be a desirable source of funds. Our interviews elicited a number of examples of the general economies referred to.

Among them were:

1. Slowing down the rate of scheduled textbook replacement.
2. Reduction or elimination of planned maintenance schedules.
3. Elimination of planned purchases, such as playground or audio-visual equipment.
4. Closing of school buildings at night to reduce maintenance and utilities costs.
5. Reduction in teacher-supervised, after-school activities, particularly when the new bargaining agreements called for special compensation for teachers involved in the activity.

As noted, these were characterized as general economies. To some, they might look considerably more like program cutbacks.

In 1967-68, the system sources of new funds to pay increased costs appear in general far less desirable. Only two districts out of 12 were able to generate substantial money from newly-voted millage, and only one obtained a

significant increase in state aid. Two districts did achieve significant benefits from growth in assessed valuation. Three districts levied previously-authorized millage, which meant that every district in our sample had now tapped to the limit this source of funds, or had only a slight margin left.

For the first time, clearly undesirable sources of funding had to be used in 1967-68. Two districts liquidated surplus. School district surpluses of normal size are usually needed to cover expenses between the time they begin in the summer and the time tax monies become available, ordinarily late in the calendar year. Liquidation of surplus simply means that a district must borrow to cover its expenses until tax funds become available. Thereby, a district incurs additional interest charges.

Transfer of millage from building and site reserves to operating funds, even when legal, is a clear case of robbing Peter to pay Paul. Moreover, to the extent that these funds may not be available when it is desirable to acquire a future building site, price inflation may increase later costs when the sites for expansion must be purchased.

Two districts stated that their increased costs in 1967-68 were met, not by "general economies," but by program cutbacks. The two specific cutbacks cited were the failure to open and use a newly-built high school and dropping all extracurricular activities except interscholastic athletics in one district, and the substantial elimination of art and music programs in another.

Finally, despite the fact that most Michigan school districts are advised by counsel that they may not deficit finance under existing law, three districts (one-quarter of our sample) are now in a deficit situation.

Others more conversant than the authors with school financing may have other interpretations of this information. They may view the problems as temporary and derive different future projections from the data. We see an increase in undesirable forms of financing coupled with an increasing number of millage rejections throughout the state. Stated thus baldly, there appears little cause for optimism.

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A NOTE ON "NON-ECONOMICS"

In industrial relations parlance, only those bargaining issues dealing specifically with employee compensation, hours of work, and insurance and welfare benefits are called economic issues. All other bargaining issues are characterized as "non-economic." Nevertheless, many if not most non-economic issues have an actual or potential impact upon the employer's cost of operation. This is no less true of bargaining in school systems.

A simple listing of a few clauses commonly or occasionally found in teacher bargaining agreements illustrates the point.

Examples of non-economic clauses are:

1. Guaranteed preparation periods, without assigned classroom or supervisory responsibilities.
2. Negotiated transfer policies which limit administrator discretion in assignments.
3. Leaves for union officers to attend meetings or to process grievances.
4. Negotiated agreements on the numbers and uses of teacher aides or other non-certified personnel.
5. Agreements on school security, covering such matters as building guards and legal assistance to teachers in assault situations.
6. Agreements on working conditions, covering such matters as textbook availability and ready access to teaching supplies.
7. Limitations on the right to assign teachers to routine clerical tasks or to playground and cafeteria supervisory duties.
8. Limitations on the use of librarians or special education teachers as substitute teachers.
9. Binding or advisory arbitration of grievances, entailing possible fees to arbitrators and to counsel.

It is readily apparent that every one of these areas has some actual or potential cost impact on school operations. It is difficult if not impossible to cost out the impact of such agreements on school operations. We have made no attempt to do so.

Nor do we suggest that the negotiation of comprehensive bargaining agreements covering the whole range of the teachers' professional concerns is undesirable simply because it increases school operating costs. In some cases, offsetting cost savings or other benefits may be a result. To the extent that salaries and teaching conditions have improved, turnover rates have been lessened and recruitment made easier. The introduction of teacher aides to perform clerical and other subprofessional chores has provided teachers with more time to prepare lessons and to teach and advise students.

Although no hard evidence on the point yet exists, it is our tentative judgment that bargaining has brought about a considerable improvement in teacher morale. This has resulted from improved economics and working conditions, as well as from the grievance procedures incorporated in most comprehensive agreements. If these developments have helped to solve the critical national shortage of qualified and certified teachers, then the real costs of bargaining may be far less than they appear.

SUMMARY AND CONCLUSION

Our study of the economic results of teacher negotiations in 12 bargaining districts of Michigan leads us to the following conclusions:

1. In the first year of full bargaining, 1966-67, the ultimate contractual financial settlements ranged from no more than boards would have given unilaterally up to as much as a 60 percent increase in teacher compensation

costs, over prior board estimates. Bargaining seems to have produced pay increases averaging 10-20 percent higher than the teachers would otherwise have received. While it is not possible to make similar estimates for the subsequent year, 1967-68, the evidence that is available indicates that bargaining results were equally favorable for the teachers.

2. In the four years prior to the enactment of Public Act 379 of Michigan Public Acts of 1965, the annual increase in the salary for inexperienced teachers in the 12 districts studied averaged 3 percent. In the first two years of bargaining, the average annual increase was three times as large, about 9 percent.

The comparable figures for fully experienced teachers holding Master's degrees were 3-1/2 percent in the first two to bargaining, and 11 and 10 percent in the first two bargaining years. It is clear that the greatest bargaining pressures have been directed toward increasing the pay scales of experienced teachers, which has the greatest cost impact on the districts involved.

3. Collective bargaining has tended steadily to move salary rates closer together among the school districts studied, apparently without particular regard to relative ability to pay. Wide divergences still exist in fringe benefits and related emoluments. Some improvements are being made in fringe benefits, but they have not received nearly as much bargaining pressure as direct salary areas.

4. Maximum class size has been a bargaining issue in most teacher negotiations. As yet it does not appear that teachers have obtained significant concessions in the area, although a number of partial solutions and compromises have been adopted. In the districts studied the number of professional employees per thousand students, which had increased slowly but steadily in the prebargaining years, leveled off and even began to decline after collective bargaining began.

5. The previously described increases in teacher compensation levels that resulted from bargaining substantially increased the size of operating budgets per pupil. This

ERRATUM

The Economic Results of Teacher Bargaining: Michigan's First Two Years (Rehmus/Wilner)

The first sentence of the second complete paragraph on page 30 should read: "The comparable figures for fully experienced teachers holding Master's degrees were 3-1/2 percent in the four years preceding bargaining, and 11 and 10 percent in the first two bargaining years."

figure, which had increased on an average of 4 percent annually during the four prebargaining years, jumped to 14 percent and 11 percent in the two bargaining years.

Interestingly enough, however, the percentage of total operating budgets devoted to instructional costs in the districts studied did not change in a material way after bargaining began. This percentage remained at 75 percent. Teacher salary increases have not thus far come at the expense of other elements of the operating budget.

6. The increases in teacher compensation that resulted from the first full bargaining year 1966-67, were largely paid for in minor economies and from new revenues. Chief among the latter were newly-voted millage, increases in state aid, levy of previously-authorized millage, and growth in assessed valuation.

While some districts were able to use these same sources to pay part or all of their increased costs in the second bargaining year, far less beneficial sources of funds began to be used in 1967-68. Among these were liquidation of surpluses, substantial program cutbacks, and transfer of millage from building and site reserves to operations. Most importantly, one-quarter of the districts in the sample turned to deficit financing after the second year of bargaining.

* * * * *

In brief summary, hard collective bargaining accompanied by the threat of strikes has paid substantial dividends to organized teachers, but as a result, many of their school districts have come under increasingly severe financial pressure.

As yet, it does not appear that school boards have been able to persuade the public to provide sufficient new funds adequate to meet the teachers' aspirations. Whether strong and determined teacher organizations can do so remains to be seen. In some school districts, the controversy that has surrounded negotiations has made many citizens aware for the first time of the needs of their public schools, and they have responded favorably. In other districts, the public has

repeatedly refused to vote the millage necessary to pay the negotiated bills. If the latter tendency continues or increases, it may mean the end of locally-supported schools. School boards, administrators and teachers alike may turn to their state legislature and its broader tax base for increased funds. If so, public education may not necessarily be the worse. It may, however, be much different from the system of local educational decision-making and control we have traditionally known.

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